

TS-2 -mf B:
(4 Sep mty)

TRADE OPTIONS FOR HOUSE REPUBLICANS

September 4, 1985

The working group on Trade, consisting of representatives from academia, the Administration, House committees, and leadership staff, met throughout August to prepare legislative options for your consideration.

The working group proposes that the House Republican leadership pursue a constructive four-part initiative centered around the following options:

(1) Export Enhancement

- X • Amend the Export Administration Act to ease restrictions on forming export companies as a way to help small businesses, also improving the process of obtaining export licenses.
- Take credit 15 days now ✓ • Provide better protection of the rights of legitimate US inventors by penalizing a foreign country which without authorization makes and sells a product that has a US patent.
- Through technical amendments to FOIA, require owners of proprietary information filed with the Federal Government to be given the opportunity to challenge requests under FOIA before that info is released.
- Take credit • Amend Export Trading Company Act of '82 to permit groups of companies to improve pooling their resources in setting up export companies.
- Code sheet Study to... • Amend the Export Administration Act to permit sale for export of Alaskan North Slope oil. Sale of such oil to Japan would reduce the US merchandise trade deficit with Japan by \$15 billion per year. But would appear elsewhere - not off
- X • Propose a new Reagan Round of trade talks (which the GATT council is expected to approve on Sept 10) and give United States Trade Representative the authority to pursue specific reciprocal measures by the US such as removing duty free import status from particular developing countries unless the developing country participates in new GATT negotiations. Such talks should focus on violations of intellectual property rights such as patents trademarks, copyrights and trade secrets, trade in services, trade related investment issues (such as eliminating performance requirements,), and it should negotiate a code on international information flows.
- ✓ • Review performance and strengthen personnel of the Foreign Commercial Service in the Commerce Department which represents small businesses in negotiations with foreign governments and companies.
- Done

-4-

• Require US ambassadors to provide annual reports on their embassies' annual export expansion strategy and their annual accomplishments in helping US industry to improve its market position relative to its overseas competitors.

• Improve Agriculture Department use of the "2 billion dollar war chest" for export enhancement (Bicep).

• Increase number of Customs Service agents.

✓ Provide relief from export disincentives by amending the Foreign Corrupt Practices Act of 1977. Clarify liabilities of foreign agents and make accounting provisions clearer.

• Decontrol exports of technology already available overseas (Apple II computers which are on the DOD list of controlled technologies, can be purchased anywhere).

Wanted + Direct XM to do on m
• Direct the Ex-Im bank to devise a competitive US approach to the mixed credit financing offered by other nations until negotiations result in a satisfactory reduction of this practice.

working on
a. sub approach
X
• Create a semiprivate nonprofit US export promotion organization managed by representatives from the business community with the support of state and local government trade development groups (financed by private contributions and user fees) designed to support companies new to export marketing.

help
underway
• Create a bilateral free trade area with Canada (similar to the one we now have with Israel) to show that the US hopes to keep its borders open and plans to move ahead with other free trading countries.

(2) JOBS

✓ Amend the Trade Adjustment Assistance Act to provide displaced workers with lump-sum payments earmarked for job retraining. Also include incentives for private industry to retrain workers and to administer the Act.

X
• Permit individuals to withdraw savings from IRAs for employment retraining without penalty.

X
• Permit displaced workers to enroll in employment training programs without penalizing their ability to receive unemployment compensation.

-5-

(3) IMPROVED ECONOMIC CLIMATE

- Call for a broad-based bi-partisan Business/Labor Congressional Commission on Trade to re-evaluate trade laws on the books in the context of current economic conditions consistent with Sec 135 of the 1984 Trade Act which provides for private sector cooperation in determining trade problems.
- Call for new international monetary conference (Secretary Baker has endorsed) in an effort to improve cooperation on international financial issues. Among the items to consider is a Common Market type of currency between the U.S., Japan and Canada to decrease the disparity between the yen and the dollar. Cite new August, '85 CBO study showing that more than 80% of trade deficit is due to overvalued dollar. Encourage linking trade and monetary policies in meetings with our major trading partners.
- X • Re-evaluate IMF and World Bank practices of giving funds to countries who subsidize exports which penetrate US markets, (East Germany, Chile, Zaire and Zambia which export copper).

(4) ILLEGAL TRADE BARRIERS

- X • Amend Sec 301 of Trade Act so that USTR, if it determines that a foreign country is unfairly targeting a product, should suspend benefits of trade concessions to carry out trade agreements or direct customs officers to impose import restrictions on goods or assess fees or impose restrictions on services of such a country for a given period of time.
All such actions would be subject to presidential veto.
- X • Amend Sec 201 of Trade Act so that USTR has final authority to grant temporary import relief to injured industries following investigations by the ITC to determine whether trade in a particular good has been affected by foreign government actions and the extent to which the U.S. is the focal point for exports of such an article. The USTR will then negotiate with the country to establish more equitable, fair and non-disruptive patterns of trade in such an article.
- X • Encourage USTR to take further specific Sec 301 actions that emphasize U.S. willingness to retaliate against unfair overseas trade practices where necessary, including the removal of duty-free import status from the offending nation's top two export commodities upon confirmation of illegal trade practices.